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Yes, It Will Enhance Our Economic and Security Interests

By Harold McGraw

For the past 20 years the United States has enjoyed a unique economic relationship with the Dominican Republic and Central America.

The Caribbean Basin Initiative (CBI), beginning with the Reagan administration, opened U.S. markets to goods from the region to improve economic conditions in an impoverished region in America's back yard. But it did not open those markets to U.S. goods and services.

The theory behind the initiative was that by building stronger economies, the United States could help bring political stability to a region where Marxism, military dictatorships and civil wars were once common. Thankfully, the CBI was a success.

As a result of continued bipartisan support from Republican and Democratic administrations, the initiative has given the economies of the region a boost. They have developed more-diversified economies with competitive manufacturing sectors, and exports to the United States have grown to $17 billion in 2004 from $3 billion in 1987.

Moreover, the initiative has produced some remarkable results outside the economic sphere. Dictatorships have been replaced by stable democracies, and every country has free and fair multiparty elections.

With these successes, the time has come to change the CBI's one-way street by implementing the Dominican Republic-Central American Free Trade Agreement.

By opening markets to U.S. goods, DR-CAFTA will establish a healthy two-way trading relationship between the United States and Guatemala, Honduras, Costa Rica, Nicaragua, El Salvador and the Dominican Republic. The agreement promises to lock in the economic progress and political reforms that the CBI began.

It is now up to the Congress to level the playing field for trade between the United States and our Central American neighbors. Without congressional approval, the United States will not have a true two-way trade relationship that will help U.S. businesses, farmers and workers compete in the second-largest market in Latin America.

The benefits of DR-CAFTA will spread to virtually all sectors of the U.S. economy. Key U.S. exports that will immediately receive duty-free treatment include information technology, construction and agricultural equipment, a range of important chemicals and pharmaceuticals, paper and medical and scientific equipment.

DR-CAFTA will also immediately reduce restrictions on 80 percent of U.S. industrial exports and more than 50 percent of agricultural exports to the region, benefiting a wide array of U.S. industries, including manufacturing, consumer goods, agriculture, processed foods and financial services -- all of which support the agreement.

DR-CAFTA deserves congressional support whether it's based on economic or foreign-policy grounds.

It's a sound agreement that will benefit U.S. economic, foreign-policy and security interests now and for years to come.

Failing to approve DR-CAFTA not only will send an incredibly negative signal to our Central American neighbors but will also signal to the world that the United States is retreating from its historic role as a leader in promoting liberalized international-trade and investment policies in a region that is strategically important to us.

With so much at stake in the global economy, that's a message we cannot afford. Congress should approve DR-CAFTA.

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